

<b>Procedure: <i>Identify Risks</i></b>	
<b>Issue Date: January 9, 2001</b>	<b>Procedure ID: <i>P-PE-150</i></b>
<b>Supersedes: May 5, 2000</b>	<b>Rev/Change 2.1</b>

1. **Purpose:** To identify the risk associated with the project and to devise a plan for handling the risks.
2. **Applicability:** This procedure is applicable to all government and contractor personnel assigned to ATISD.
3. **Responsibility:** Project Manager
4. **Support:** Engineers
5. **Invoked By:**  
Define the Approach                      P-PE-013
6. **Inputs:**  
Project Records                      Defined in Glossary (Appendix G)
7. **Outputs:**  
Risk Checklist (General)              S-PE-151  
Risk Worksheet                      S-PE-170
8. **Procedures Invoked:** N/A
9. **External Procedures Referenced:** N/A
10. **Procedure Steps:**
  - a) The Project Manager lists all potential risks (see Note a).
  - b) The Project Manager fills out the General Risk Checklist (S-PE-151), and places it in the Project Records.
  - c) The Project Manager records the identified risks on the Risk Worksheet (S-PE-170).
  - d) The Project Manager determines the Probability of Occurrence (see Note b) for each risk and records it on the Risk Worksheet.
  - e) The Project Manager determines the Consequence of Occurrence (see Note c) for each risk and records it on the Risk Worksheet.
  - f) The Project Manager determines the Overall Risk Level (see Note d) for each risk based on the Probability of Occurrence and the Consequence of Occurrence, and records it on the Risk Worksheet.
  - g) The Project Manager assigns responsibility for each risk (developers, customer, etc.).
  - h) The Project Manager identifies the plan to control each risk and records the decision on the Risk Worksheet.

The choices are:

- ?? Ignore - accept the risk, doing nothing
- ?? Prevent - avoid by redesign, contract terms and conditions, better process (more inspections), etc.
- ?? Mitigate - perform corrective or recovery actions only if the risk occurs
- i) For each risk to be prevented or mitigated, the Project Manager explains the specific actions that will address the risk by filling in the mitigation plan column on the Risk Worksheet.
- j) The Project Manager signs the Risk Worksheet.
- k) The Project Manager obtains Upper Management's signature on the Risk Worksheet.
- l) The Project Manager files the Risk Worksheet in the Project Records.

## 11. Notes:

- a) Risks have been gathered throughout all the previous steps of the process and included in the Project Records. You can also use techniques such as User Interviewing and Brainstorming to elicit information from the customer, users, Subject Matter Experts, etc. (These techniques are taught in the SREM course.)
- b) Use this table to determine Probability of Occurrence:

<b>3. Probability of Occurrence</b>	
<b>Probability</b>	<b>Description</b>
Very Low	Almost certainly will not happen
Low	Unlikely to happen (25%)
Medium	Might or might not happen (50%)
High	Very likely to happen (75%)
Very High	Almost certainly will happen

- c) Use this table to determine Consequence of Occurrence:

<b>Consequence of Occurrence</b>			
<b>Consequence</b>	<b>Performance</b>	<b>Cost</b>	<b>Schedule</b>
Very Low	Minimal or no impact, unimportant	Budget estimates not exceeded, some transfer of money required	Negligible impact, slight schedule adjustment
Low	Small reduction in technical performance	Cost estimates exceed budget by 1 to 5%	Slip schedule < 1 month, some adjustment in intermediate milestones only
Medium	Moderate reduction in technical performance	Cost estimates exceed budget by 5 to 20%	Slip schedule 1 to 3 months
High	Significant degradation in technical performance	Cost estimates exceed budget by 20 to 50%	Schedule slip in excess of 3 months
Very High	Technical goals can not be met	Cost estimates exceed budget by more than 50%	Large schedule slip that effects delivery date

d) Use this table to determine the Overall Risk Level:

Overall Risk Level Determination			
Probability	Consequence	Level	Action
Very Low Low Medium High Very High Very Low Low Medium High Very High	Very Low Very Low Very Low Very Low Very Low Low Low Low Low Low	Low	No action required beyond normal management attention. Caution should be taken if large numbers of this category are present.
Very Low Low Medium High Very High Very Low Low	Medium Medium Medium Medium Medium High High	Medium	This level alerts management to potentially serious risk. Careful monitoring and corrective action is required.

Overall Risk Level Determination - Continued			
Probability	Consequence	Level	Action
Medium High Very High Very Low Low Medium High Very High	High High High Very High Very High Very High Very High Very High	High	This level must be considered unacceptable. Requires immediate changes in the Program/Project Plan to eliminate the risk.